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May 19, 2005

Chairman Jeff Hatch-Miller  
Commissioner William Mundell  
Commissioner Marc Spitzer  
Commissioner Mike Gleason

**Re: Environmental Portfolio Standard Rules, Docket No. RE-00000C-05-0030**

Dear Colleagues:

I write today in support of Commissioner Spitzer's proposal to remove the Extra Credit Multiplier provision from the Environmental Portfolio Standard draft rule.

In his letter dated May 10, 2005, Commissioner Spitzer expressed a desire to excise Extra Credit Multipliers from the proposed rule ("I believe renewable energy should be treated as real, not artificial and that utilities should respond to RFPs based upon the merits, not artificial constructs. And I believe fairness, not obsession with multipliers, should govern the process.")

While I am tentatively supportive of this change, I believe this is an issue that should be comprehensively vetted by the Commission at our June meeting on the EPS draft rule. In addition to eliminating the Extra Credit Multiplier, I would propose the Commission add language allowing individuals, companies or utilities to take credit for ECM-backed projects that were initiated prior to the elimination of the ECMs. Not to grandfather these projects would send a signal to ratepayers and utilities that the Commission is willing to back peddle on our commitments and would be fundamentally unfair to those who relied on the prior rule's allowance of ECMs only to have that provision deleted ex post facto.

Another fundamental issue that needs to be addressed by the Commission is funding of the EPS if Extra Credit Multipliers are removed from the program. The Commission must explore how removing Extra Credit Multipliers will alter the EPS funding equation.

The existence of Extra Credit Multipliers creates "phantom" kilowatt hours — kWh that are accounted for, but never produced. By eliminating them from the rule, we not only eliminate "phantom" kWh, we also create a level playing field for all technologies. The most compelling argument for eliminating the Extra Credit Multiplier from the draft rule is that doing so simplifies the rule for all parties.

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I look forward to working with you on this very important docket.

Sincerely,

A handwritten signature in black ink, appearing to read "Kris Mayes", written in a cursive style.

Kris Mayes  
Commissioner

Cc: Ernest Johnson  
Ray Williamson  
Heather Murphy